

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

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DRAFTED BY ARA/ECA:JMSMITH,JR:JC

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R 161512Z JUL 76

FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES

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E.O. 11652: N/A

TAGS: EINV, AR

SUBJECT: NATIONALIZATION OF US BANKS

1. THE JULY 19 ISSUE OF BUSINESS WEEK REPORTS THAT SETTLEMENTS HAVE BEEN NEGOTIATED COVERING THE EXPROPRIATION CASES OF CHASE MANHATTAN, CITIBANK, MORGAN GUARANTY, AND THE BANCO DE SANTANDER. THE ARTICLE SAYS THE SETTLEMENT STILL REQUIRES APPROVAL BY MARTINEZ DE HOZ AND VIDELA BUT QUOTES MARTINEZ DE HOZ AS TELLING BUSINESS WEEK THAT "IT CAN BE CONSIDERED AS SETTLED."

2. THE ARTICLE REPORTS THAT EACH BANK WILL REVERT TO ITS OWNERSHIP STATUS BEFORE NATIONALIZATION. THE FOREIGN PARENT BANKS WILL RECEIVE THEIR SHARE OF PROFITS ACCUMULATED SINCE NATIONALIZATION, BUT THE EARNINGS ARE TO BE REINVESTED IN THE LOCAL OPERATIONS. ACCORDING TO BUSINESS WEEK, THE LARGEST AND MOST COMPLICATED SETTLEMENT IS WITH

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CHASE, WHICH FEARED THAT MANY OF THE LOANS MADE BY ITS

SUBSIDIARY DURING THE INTERVENTION PERIOD WERE QUESTION-
ABLE. ACCORDINGLY, ARGENTINE STATE BANKS ARE TO ASSUME
ABOUT 80 PER CENT OF THE NEW LOANS WRITTEN DURING
THAT PERIOD.

3. BUSINESS WEEK REPORTS THAT SETTLEMENTS WITH EXXON,
SHELL, ITT, AND SIEMENS ARE SCHEDULED FOR NEXT MONTH.

4. THE EMBASSY IS REQUESTED TO VERIFY THE REPORTED
SETTLEMENT OF THE BANKING CASES AND THE TIMETABLE FOR
THE SETTLEMENT OF THE OTHER CASES. KISSINGER

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